

attempt to correct a situation that everyone, I think, is aware of that occurred last December. It deals with the statutes which set the manner in which the Board of Equalization sets the gas tax as it is applied to the variable gas tax that was enacted in 1980 by the Legislature. In 1980, when the act was originally enacted it permitted a monthly adjustment. As time went along, that subsequently was changed to a quarterly adjustment in the rate, in part because there was greater stability in fuel prices than there was at the time in the late seventies and 1980, when the bill was enacted. As you will recall, the way the variable gas tax works the Legislature and the Governor sets a budget for two years for the Department of Roads. That budget is then, after the Legislature adjourns, becomes the basis on which the variable rate is to be determined 15 days after we adjourn, within 15 days. The process is such that there are estimates made for the following year as to the anticipated price of gasoline at the...for particular months which set the rate...set the actual cents per gallon for each quarter. But that rate is set and is fixed at that board meeting prior to the commencement of the fiscal year July 1. The rate that is set then, under existing law, cannot be changed, unless the receipts are 10 percent less than what is anticipated, or 10 percent more than what is anticipated. It is the exact rates...exact collections as they are received by the state. With those provisions of law, it was such that October became a month that was the pivotal month to which the rate that was established last June was to be applied. You'll recall that the price of fuel went up dramatically in October. As I recall, the state was paying in the vicinity of \$1.12 a gallon, which does not include any federal or state tax when the estimate had been anticipated to be, as I recall, around 80 cents, or a few cents below, or a few cents above. And, in fact, by the time we got to December, end of December, the state was down to paying 82 cents, now it has declined from that time as to the actual collection. The problem came in that October was the base month, and based upon actual projection...actual receipts we were in excess of the need to meet the appropriation by about 6 percent, a little over 6 percent, which was, obviously, not adequate to meet the 10 percent criteria. And what the bill does is permits those adjustments to be made by the State Board of Equalization, in the tax rate, on a quarterly basis when the total estimated receipts for the year will be 2 percent less or 2 percent more than has been anticipated back in June, prior to the commencement of the fiscal year of July 1. This will avoid the kind of situation which came about this year, where we are